



Overview of the Affordable Care Act

Impact on Small Businesses

West End Library, 1101 24th St., NW
Wednesday, June 29, 2011
6 p.m. to 8 p.m.

ONE CITY INSURED

Highlights of Impact on Small Businesses

Requirements

Tax Credits

Penalties

Requirement

- ACA ***does NOT mandate*** that employers offer health care coverage to their employees

Tax Credit

- It does offer ***tax credits*** to certain employers who do offer coverage

Penalties

- ACA also imposes ***penalties*** on businesses under certain situations

ELIGIBILITY FOR TAX CREDITS

Eligibility for the small business tax credit depends on three factors

1. Size of the company
2. Percentage of the premium that the employer pays
3. Average of wages paid to employees

SMALL BUSINESS TAX CREDITS

Criteria For Receiving Tax Credit

Size	Wages	Premiums
<ul style="list-style-type: none">• No more than 25 full-time workers	<ul style="list-style-type: none">• Average annual taxable wages of less than \$50,000	<ul style="list-style-type: none">• Employer must contribute at least 50% of the employee's premium

How the Credit is Calculated

- ❑ Maximum credit will be given to employers that have 10 or less full-time equivalent employees with average taxable wages of \$25,000 or less
- ❑ The amount of tax credit for employers with between 11 and 25 workers is based upon the number of employees and average annual wages paid
- ❑ Employers with more than 25 employees will not receive a tax credit

2010 – 2013 TAX CREDIT AMOUNTS

For-Profit

- Maximum credit is 35% of the employer's contribution to the employee's premium

Nonprofit

- Maximum is 25% of the employer's contribution to the employee's premium

2014 AND BEYOND

MAX CREDIT INCREASES

For-Profit

- Maximum credit is 50% of the employer's contribution to the employee's premium

Nonprofit

- Maximum credit is 35% of the employer's contribution to the employee's premium

Available to an employer for 2 consecutive tax years

REQUIREMENTS & PENALTIES

While employers are not required to offer health care coverage to their employees, beginning in 2014 penalties will be imposed in certain situations

- Applies only to business with 50 or more full time workers
- Full-time employees are those that work 30 hours or more per week
- Part-time employees are counted based on a prescribed calculation
- Seasonal employees who work less than 120 days per year are not counted
- Small business with less than 50 employees are exempt from these penalties

Employers NOT offering Health Insurance

- Penalty of \$2,000 per employee if at least 1 full-time employee receives a premium tax credit through the Exchange (does not count first 30 employees when assessing penalty)

Employers Offering Health Insurance

- Penalty for those who have at least 1 full-time employee receiving a tax credit through the Exchange. Will pay the lesser of \$3,000 for each employee receiving a credit or \$2,000 for each full-time employee (not counting first 30 employees)

FUNCTIONS OF THE SHOP EXCHANGE

SMALL BUSINESS HEALTH OPTIONS (SHOP) EXCHANGE

ACA REQUIREMENTS

- The District is required to have a Health Insurance Exchange for Individuals and Small Businesses (SHOP Exchange)
- Can have two separate Insurance Exchanges or combine them into one Exchange
- Many of the requirements for the SHOP Exchange are similar to the requirements for the Individual Insurance Exchange
- The definition of a “small business” for the tax credit is different than a “small business” who qualifies to enroll employees through the SHOP Exchange.

DEFINITIONS OF “SMALL BUSINESSES”

TAX CREDIT

- **25** full time employees or less

PENALTIES

- Applies only to employers with **50** or more workers

SHOP EXCHANGE

- No more than **100** employees
- Option to define as 50 or less until 2016

SIX BROAD FUNCTIONS

HEALTH INSURANCE EXCHANGE

Eligibility &
Enrollment

Plan
Management

Financial
Management

Customer
Service

Communication

Oversight

SHOP FUNCTIONALITY

Employer Eligibility, Plan Selection and Contribution Selection

Employee Plan Comparison, Selection and Enrollment

Employer Account Management

COMMON FUNCTIONALITY

Website – Premium Calculator, Shopping, Eligibility Gateway

Outreach and Education

Customer Service and Account Management

Plan Management

Billing/Premium Collection

Appeals

Financial and Management Reporting

Third Party Administration (Brokers/Navigators)

INDIVIDUAL (NON-GROUP) FUNCTIONALITY

Individual Exchange/Subsidy Eligibility

Individual Plan Comparison, Selection and Enrollment

Premium Tax Subsidy Administration

Individual Mandate Exemptions and Appeals

DISCUSSION

1. What do you like about your current coverage?
2. What types of plans (i.e. HMO, PPO, HSA, etc.) do you prefer?
3. What types of plan would you want to see in the Exchange?
4. Do your insurers provide anything now that you would definitely want to see in the Exchange? (Like newsletters, wellness benefits, etc.)
5. Other than cost, what would prevent you from purchasing coverage in an Exchange?
6. How affordable is it to provide health insurance currently?
7. Should “small businesses” be defined as 50 or 100 for the SHOP Exchange?
8. How much would premium rates need to be (amount or percentage) in order for it to be feasible to offer health care coverage to your employees?
9. Besides costs, what are other obstacles or challenges that you deal with when covering or attempting to cover your employees?
10. Would DC residents and businesses benefit from sharing an Exchange or having two separate ones?